

VAN BUREN COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2007

# Contents

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis (MD&A)		4-12
Basic Financial Statements:	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14
Governmental Fund Financial Statements:		
Balance Sheet	C	15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	16
Statement of Revenues, Expenditures and Changes in Fund Balances	E	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	18
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	19
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	20
Statement of Cash Flows	I	21
Notes to Financial Statements		22-32
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		33
Notes to Required Supplementary Information - Budgetary Reporting		34
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	1	35
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	36
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	37-38
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	4	39
Schedule of Expenditures of Federal Awards	5	40-41
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		42-43
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		44-45
Schedule of Findings and Questioned Costs		46-53

Van Buren Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2006 election)</b>		
Tony Huffman	President	2007
Jon Finney	Vice President	2006
Dale Hornberg	Board Member	2006
Terry Jester	Board Member	2006
Dixie Daugherty	Board Member	2007
Tim Blair	Board Member	2008
Sheila Parsons	Board Member	2008
<b>Board of Education</b>		
<b>(After September 2006 election)</b>		
Tony Huffman	President	2007
Dixie Daugherty	Vice President	2007
Tim Blair	Board Member	2008
Sheila Parsons	Board Member	2008
Dale Hornberg	Board Member	2009
Terry Jester	Board Member	2009
Brian Starnes	Board Member	2009
<b>School Officials</b>		
Dr. Karen Stinson	Superintendent	2007
Robyn Nolting	Board Secretary	2007
Janet Phelps	Board Treasurer	2007
Crystal Cronk	Attorney	2007

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Van Buren Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Van Buren Community School District, Keosauqua, Iowa as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Van Buren Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2008, on our consideration of the Van Buren Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Van Buren Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2006(which is not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 15, 2008

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Van Buren Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2007 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$8,091,405 in fiscal 2006 to \$8,254,232 in fiscal 2007, while General Fund expenditures increased from \$7,897,412 in fiscal 2006 to \$8,528,337 in fiscal 2007. This resulted in a decrease in the District's General Fund balance from \$1,716,304 in fiscal 2006 to a balance of \$1,442,199 in fiscal 2007, a 15.97% decrease from the prior year.
- The increase in General Fund revenues was attributable to an increase in federal sources in fiscal 2007. The increase in expenditures was due primarily to an increase in the support services function.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Van Buren Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Van Buren Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Van Buren Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Van Buren Community School District Annual Financial Report**

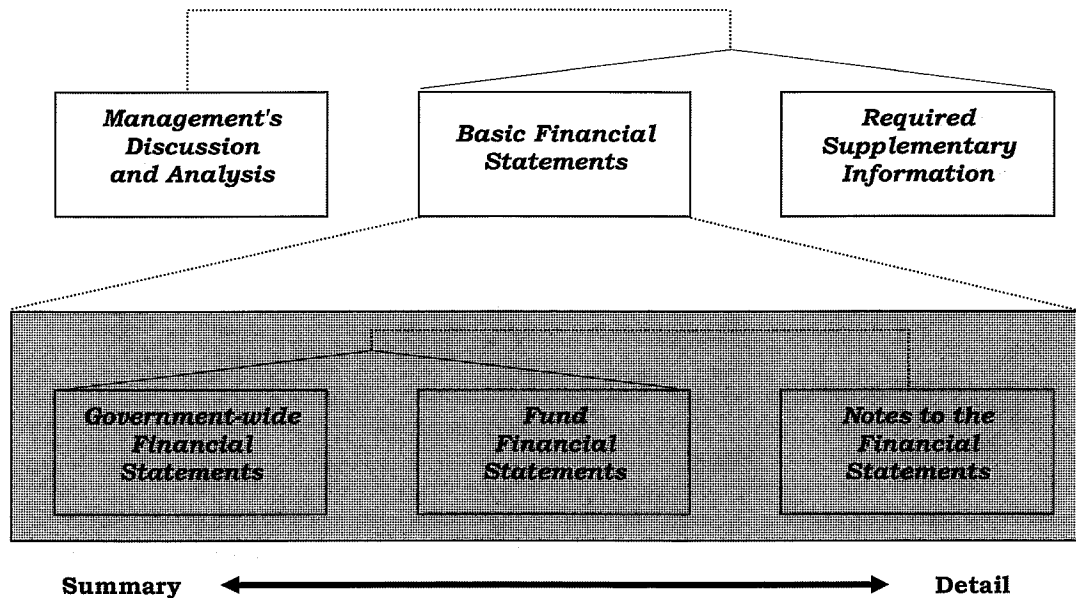


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-wide and Fund Financial Statements</b>			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.



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The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects Fund and the Debt Service Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund, and the Day Care Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2007 compared to June 30, 2006.

Figure A-3  
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	\$ 6,253,462	6,377,735	60,598	39,121	6,314,060	6,416,856	-1.60%
Capital assets	8,067,106	7,866,297	28,707	27,358	8,095,813	7,893,655	2.56%
Total assets	14,320,568	14,244,032	89,305	66,479	14,409,873	14,310,511	0.69%
Long-term obligations	1,935,000	2,165,480	0	0	1,935,000	2,165,480	-10.64%
Other liabilities	3,299,768	3,456,302	35,661	150,254	3,335,429	3,606,556	-7.52%
Total liabilities	5,234,768	5,621,782	35,661	150,254	5,270,429	5,772,036	-8.69%
Net assets:							
Invested in capital assets, net of related debt	6,132,106	6,441,920	28,707	27,358	6,160,813	6,469,278	-4.77%
Restricted	1,333,410	319,728	0	0	1,333,410	319,728	317.05%
Unrestricted	1,620,284	1,860,602	24,937	(111,133)	1,645,221	1,749,469	-5.96%
Total net assets	\$ 9,085,800	8,622,250	53,644	(83,775)	9,139,444	8,538,475	7.04%

The District's combined net assets increased by 7.04%, or \$600,969, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$1,013,682, or 317.05% over the prior year. The increase was primarily a result of the reclassifying the Debt Service and Capital Projects Funds as restricted.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$104,248, or 5.96%. This decrease is due to the decrease in fund balance in the General Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2007 compared to June 30, 2006.

Figure A-4  
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 383,892	390,587	247,742	278,794	631,634	669,381	-5.64%
Operating grants and contributions and restricted interest	2,338,183	2,001,809	170,224	170,553	2,508,407	2,172,362	15.47%
Capital grants and contributions and restricted interest	179,061	360,938	0	0	179,061	360,938	-50.39%
General revenues:							
Property tax	2,466,874	2,559,439	0	0	2,466,874	2,559,439	-3.62%
Income surtax	278,933	252,280	0	0	278,933	252,280	10.56%
Local option sales and services tax	444,904	438,558	0	0	444,904	438,558	1.45%
Unrestricted state grants	3,310,471	3,368,582	0	0	3,310,471	3,368,582	-1.73%
Unrestricted investment earnings	123,047	79,122	949	593	123,996	79,715	55.55%
Other	49,363	214,391	0	0	49,363	214,391	-76.98%
Transfers	(281,343)	(49,484)	281,343	49,484	0	0	0.00%
Total revenues and transfers	9,293,385	9,616,222	700,258	499,424	9,993,643	10,115,646	-1.21%
Program expenses:							
Governmental activities:							
Instruction	4,857,484	4,880,113	0	22,892	4,857,484	4,903,005	-0.93%
Support services	3,477,412	3,041,908	14,684	16,367	3,492,096	3,058,275	14.19%
Non-instructional programs	647	1,907	548,155	484,744	548,802	486,651	12.77%
Other expenses	494,292	502,476	0	0	494,292	502,476	-1.63%
Total expenses	8,829,835	8,426,404	562,839	524,003	9,392,674	8,950,407	4.94%
Changes in net assets	463,550	1,189,818	137,419	(24,579)	600,969	1,165,239	-48.43%
Beginning net assets	8,622,250	7,432,432	(83,775)	(59,196)	8,538,475	7,373,236	15.80%
Ending net assets	\$ 9,085,800	8,622,250	53,644	(83,775)	9,139,444	8,538,475	7.04%

In fiscal 2007, property tax, income surtax, local option sales and services tax and unrestricted state grants account for 69.95% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 59.69% of the revenue from business type activities.

The District's total revenues were approximately \$10.0 million of which \$9.3 million was for governmental activities and more than \$.7 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.21% decrease in revenues and a 4.94% increase in expenses. The increase in expenses related to the increase in negotiated salaries and benefits, utility costs and transportation costs.

### Governmental Activities

Revenues and transfers out for governmental activities were \$9,293,385 and expenses were \$8,829,835.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
Instruction	\$ 4,857,484	4,880,113	-0.46%	2,391,101	2,732,290	-12.49%
Support services	3,477,412	3,041,908	14.32%	3,287,964	3,039,486	8.18%
Non-instructional	647	1,907	-66.07%	647	1,907	-66.07%
Other expenses	494,292	502,476	-1.63%	248,987	(100,613)	-347.47%
Totals	<u>\$ 8,829,835</u>	<u>8,426,404</u>	<u>4.79%</u>	<u>5,928,699</u>	<u>5,673,070</u>	<u>4.51%</u>

- The cost financed by users of the District's programs was \$383,892.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,517,244.
- The net cost of governmental activities was financed with \$2,466,874 in property tax, \$278,933 in income surtax \$444,904 in local option sales and services tax, \$3,310,471 in unrestricted state grants, \$123,047 in interest income and \$49,363 in other general revenue.

### Business-Type Activities

Revenues and transfers in of the District's business-type activities were \$700,258 and expenses were \$562,839. The District's business-type activities include the School Nutrition Fund and the Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and interest income.

## INDIVIDUAL FUND ANALYSIS

As previously noted, the Van Buren Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$2,735,543, above last year's ending fund balance of a \$2,716,298. The increase was due primarily to the increase in the Capital Projects Fund.

### Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Growth during the year in federal sources resulted in an increase in revenues. However, along with the increase in revenues, the General Fund also had an increase in expenditures. The increase in expenditures was greater than the increase in revenues causing the fund balance to decrease. The General Fund balance decreased from \$1,716,304 in fiscal year 2006 to \$1,442,199 in fiscal year 2007. In addition, the District transferred \$281,343 to support the Day Care Fund.
- The Capital Projects Fund balance was utilized for the collection of local option sales and services tax. The District makes transfers to the Debt Service to provide debt relief in repayment of the General Obligation Bonds. The Capital Projects balance increased from \$408,491 in fiscal year 2006 to \$598,380 in fiscal year 2007, due to the increase in local option sales and services tax revenue.

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- The Debt Service Fund balance was utilized for the payments of principal and interest on bonds. Due to the bond requirements the District is required to create an escrow at Bank America that will be used to payoff the Qualified Zone Academy Bond. The Debt Service balance increased from \$323,846 in fiscal year 2006 to \$452,904 in fiscal year 2007, due to the increase in the escrow reserve and the increase local option sales and services tax relief provided to fund debt repayments.

### **Proprietary Fund Highlights**

The School Nutrition Fund net assets decreased from \$64,345 at June 30, 2006 to \$53,664 at June 30, 2007, representing a decrease of 16.63%.

The Day Care Fund net assets increased from a deficit of \$148,120 at June 30, 2006 to a \$0 at June 30, 2007, representing an increase of 100% over the prior year. The General Fund transferred \$281,343 to adjust the ending Day Care Fund balance to \$0.

### **BUDGETARY HIGHLIGHTS**

The District's receipts were \$517,402 less than budgeted receipts, a variance of 4.93%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

Total expenditures were less than budgeted, primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the support services function due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2007, the District had invested \$8,095,813, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 2.50% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$304,213.

The original cost of the District's capital assets was \$11,028,681. Governmental funds account for \$10,921,199 with the remainder of \$107,482 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$7,535,085 at June 30, 2007, compared to \$7,215,513 reported at June 30, 2006. This increase resulted from completion of a building addition to the Stockport Elementary School Addition.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Land	\$ 39,311	39,311	0	0	39,311	39,311	0.00%
Construction in progress	0	235,596	0	0	0	235,596	-100.00%
Buildings	7,535,085	7,215,513	0	0	7,535,085	7,215,513	4.24%
Land improvements	105,414	30,595	0	0	105,414	30,595	70.98%
Machinery and equipment	387,296	345,282	28,707	27,358	416,003	372,640	10.42%
Total	\$ 8,067,106	7,866,297	28,707	27,358	8,095,813	7,893,655	2.50%

### Long-Term Debt

At June 30, 2007, the District had \$1,935,000 in general obligation and other long-term debt outstanding. This represents a decrease of 10.64% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The District had outstanding general obligation bonds of \$1,435,000 at June 30, 2007.

The District had outstanding qualified zone academy bonds of \$500,000 at June 30, 2007.

Figure A-7  
Outstanding Long-Term Obligations

	Total School District		Total Change
	2007	2006	
General obligation bonds	\$ 1,435,000	1,645,000	-12.77%
Qualified zone academy bonds	500,000	500,000	0.00%
Early retirement	0	20,480	100.00%
Totals	\$ 1,935,000	2,165,480	-10.64%

### FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The upcoming Iowa legislative session could again prove to be most challenging in respect to the state budget. The impact of state reductions to education is an unknown that we must be ready to address and compensate.
- The District receives a large amount of federal and state monies through grants. The grants have to be approved and their continuation depends on federal and state funding.
- The District has experienced reduced enrollment for the last few years, cutting state aid to the District.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robyn Nolting, Board Secretary/Business Manager, Van Buren Community School District, 503 Henry Street, Keosauqua, Iowa, 52565.

BASIC FINANCIAL STATEMENTS

VAN BUREN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,826,387	39,352	2,865,739
Receivables			
Property tax:			
Delinquent	59,910	0	59,910
Succeeding year	2,515,294	0	2,515,294
Income surtax	228,460	0	228,460
Accounts	634	11,662	12,296
Accrued ISCAP interest (Note 5)	54,565	0	54,565
Due from other governments	568,212	0	568,212
Inventories	0	9,584	9,584
Capital assets, net of accumulated depreciation (Note 6)	8,067,106	28,707	8,095,813
<b>TOTAL ASSETS</b>	<b>14,320,568</b>	<b>89,305</b>	<b>14,409,873</b>
<b>LIABILITIES</b>			
Accounts payable	25,712	0	25,712
Salaries and benefits payable	686,775	31,779	718,554
Accrued interest payable	10,309	0	10,309
ISCAP accrued interest payable (Note 5)	44,674	0	44,674
Deferred revenue:			
Succeeding year property tax	2,515,294	0	2,515,294
Other	17,004	0	17,004
Unearned revenue	0	3,882	3,882
Long-term liabilities (Note 7):			
Portion due within one year:			
General obligation bonds payable	215,000	0	215,000
Portion due after one year:			
General obligation bonds payable	1,220,000	0	1,220,000
Qualified zone academy bonds	500,000	0	500,000
<b>TOTAL LIABILITIES</b>	<b>5,234,768</b>	<b>35,661</b>	<b>5,270,429</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	6,132,106	28,707	6,160,813
Restricted for:			
Debt service	452,904	0	452,904
Talented and gifted	21,523	0	21,523
Beginning teacher mentoring program	1,011	0	1,011
Additional teacher contract day	96	0	96
Professional development	11,989	0	11,989
Market factor	5,447	0	5,447
Capital projects	598,380	0	598,380
Management levy	52,389	0	52,389
Physical plant and equipment levy	138,220	0	138,220
Playground equipment replacement levy	16,018	0	16,018
Other special revenue purposes	35,433	0	35,433
Unrestricted	1,620,284	24,937	1,645,221
<b>TOTAL NET ASSETS</b>	<b>\$ 9,085,800</b>	<b>53,644</b>	<b>9,139,444</b>

SEE NOTES TO FINANCIAL STATEMENTS.



VAN BUREN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities
<b>Functions/Programs</b>						
Governmental activities:						
Instruction:						
Regular instruction	\$ 2,836,247	183,760	2,037,829	0	(614,658)	0
Special instruction	973,391	0	51,118	0	(922,273)	0
Other instruction	1,047,846	193,676	0	0	(854,170)	0
	4,857,484	377,436	2,088,947	0	(2,391,101)	0
Support services:						
Student services	418,812	0	0	0	(418,812)	0
Instructional staff services	560,370	0	0	0	(560,370)	0
Administration services	1,174,251	0	0	0	(1,174,251)	0
Operation and maintenance of plant services	682,054	0	0	179,061	(502,993)	0
Transportation services	641,925	6,456	3,931	0	(631,538)	0
	3,477,412	6,456	3,931	179,061	(3,287,964)	0
Non-instructional programs:						
Community service operations	647	0	0	0	(647)	
Other expenditures:						
Long-term debt interest	70,030	0	0	0	(70,030)	0
AEA flowthrough	245,305	0	245,305	0	0	0
Depreciation (unallocated)*	178,957	0	0	0	(178,957)	0
	494,292	0	245,305	0	(248,987)	0
Total governmental activities	8,829,835	383,892	2,338,183	179,061	(5,928,699)	0
Business-Type activities:						
Support services:						
Operation and maintenance of plant services	14,684	14,684	0	0	0	0
Non-instructional programs:						
Food service operations	376,528	169,870	151,500	0	0	(55,158)
Other enterprise operations	171,627	63,188	18,724	0	0	(89,715)
	548,155	233,058	170,224	0	0	(144,873)
Total business-type activities	562,839	247,742	170,224	0	0	(144,873)
<b>Total</b>	<b>\$ 9,392,674</b>	<b>631,634</b>	<b>2,508,407</b>	<b>179,061</b>	<b>(5,928,699)</b>	<b>(144,873)</b>
<b>General Revenues and Transfers:</b>						
General Revenues:						
Property tax levied for:						
General purposes				\$ 2,215,973	0	2,215,973
Debt service				100,692	0	100,692
Capital outlay				150,209	0	150,209
Income surtax				278,933	0	278,933
Local option sales and services tax				444,904	0	444,904
Unrestricted state grants				3,310,471	0	3,310,471
Unrestricted investment earnings				123,047	949	123,996
Other general revenues				49,363	0	49,363
Transfers				(281,343)	281,343	0
<b>Total general revenues and transfers</b>				<b>6,392,249</b>	<b>282,292</b>	<b>6,674,541</b>
Changes in net assets				463,550	137,419	600,969
Net assets beginning of year				8,622,250	(83,775)	8,538,475
Net assets end of year				<b>\$ 9,085,800</b>	<b>53,644</b>	<b>9,139,444</b>

\* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 1,707,696	434,810	450,927	232,954	2,826,387
Receivables:					
Property tax:					
Delinquent	48,358	0	2,477	9,075	59,910
Succeeding year	2,154,115	0	7,357	353,822	2,515,294
Income surtax	228,460	0	0	0	228,460
Interfund	0	500	0	0	500
Accounts	603	0	0	31	634
Accrued ISCAP interest (Note 5)	54,565	0	0	0	54,565
Due from other governments	405,142	163,070	0	0	568,212
<b>TOTAL ASSETS</b>	<b>\$ 4,598,939</b>	<b>598,380</b>	<b>460,761</b>	<b>595,882</b>	<b>6,253,962</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund payable	\$ 0	0	500	0	500
Accounts payable	25,712	0	0	0	25,712
Salaries and benefits payable	686,775	0	0	0	686,775
ISCAP accrued interest payable (Note 5)	44,674	0	0	0	44,674
Deferred revenue:					
Succeeding year property tax	2,154,115	0	7,357	353,822	2,515,294
Income surtax	228,460	0	0	0	228,460
Other	17,004	0	0	0	17,004
Total liabilities	3,156,740	0	7,857	353,822	3,518,419
Fund balances:					
Reserved for:					
Debt service	0	0	452,904	0	452,904
Talented and gifted	21,523	0	0	0	21,523
Beginning teacher mentoring program	1,011	0	0	0	1,011
Additional teacher contract day	96	0	0	0	96
Professional development	11,989	0	0	0	11,989
Market factor	5,447	0	0	0	5,447
Unreserved:					
Undesignated	1,402,133	598,380	0	242,060	2,242,573
Total fund balances	1,442,199	598,380	452,904	242,060	2,735,543
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,598,939</b>	<b>598,380</b>	<b>460,761</b>	<b>595,882</b>	<b>6,253,962</b>

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2007

<b>Total fund balances of governmental funds (page 15)</b>	\$ 2,735,543
<b><i>Amounts reported for governmental activities in the statement of net assets are different because:</i></b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	8,067,106
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	228,460
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(10,309)
Long-term liabilities, including bonds payable and qualified zone academy bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.	(1,935,000)
<b>Net assets of governmental activites (page 13)</b>	<u><u>\$ 9,085,800</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
<b>REVENUES:</b>					
Local sources:					
Local tax	\$ 2,258,393	444,904	100,692	375,111	3,179,100
Tuition	166,372	0	0	0	166,372
Other	156,794	10,459	15,113	225,474	407,840
State sources	3,928,194	0	0	0	3,928,194
Federal sources	1,717,550	0	0	164,061	1,881,611
Total revenues	8,227,303	455,363	115,805	764,646	9,563,117
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular instruction	2,858,666	0	0	0	2,858,666
Special instruction	973,391	0	0	0	973,391
Other instruction	845,890	0	0	201,956	1,047,846
	4,677,947	0	0	201,956	4,879,903
Support services:					
Student services	418,812	0	0	0	418,812
Instructional staff services	560,370	0	0	0	560,370
Administration services	1,104,188	0	0	71,630	1,175,818
Operation and maintenance of plant services	556,258	0	0	62,533	618,791
Transportation services	683,467	0	0	17,528	700,995
	3,323,095	0	0	151,691	3,474,786
Non-instructional programs:					
Community service operations	647	0	0	0	647
Other expenditures:					
Facilities acquisitions	0	0	0	407,382	407,382
Long-term debt:					
Principal	0	0	210,000	0	210,000
Interest and fiscal charges	0	0	71,435	0	71,435
AEA flowthrough	245,305	0	0	0	245,305
	245,305	0	281,435	407,382	934,122
Total expenditures	8,246,994	0	281,435	761,029	9,289,458
Excess(deficiency) of revenues over(under) expenditures	(19,691)	455,363	(165,630)	3,617	273,659
Other financing sources(uses):					
Proceeds from the disposal of property	26,929	0	0	0	26,929
Transfers in	0	0	294,688	0	294,688
Transfers out	(281,343)	(265,474)	0	(29,214)	(576,031)
Total other financing sources(uses)	(254,414)	(265,474)	294,688	(29,214)	(254,414)
Net change in fund balances	(274,105)	189,889	129,058	(25,597)	19,245
Fund balance beginning of year	1,716,304	408,491	323,846	267,657	2,716,298
Fund balance end of year	\$ 1,442,199	598,380	452,904	242,060	2,735,543

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 JUNE 30, 2007

Net change in fund balances - total governmental funds (page 17) \$ 19,245

*Amounts reported for governmental activities in the  
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and loss on disposal of capital assets in the year are as follows:

Capital outlays	\$ 506,722	
Depreciation expense	(299,742)	
Loss on disposal of capital assets	<u>(6,171)</u>	200,809

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 11,611

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 210,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,405

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	<u>20,480</u>
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Changes in net assets of governmental activities (page 14) \$ 463,550

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2007

	Enterprise Funds		
	School Nutrition	Day Care	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 24,215	15,137	39,352
Accounts receivable	11,593	69	11,662
Inventories	9,584	0	9,584
Capital assets, net of accumulated depreciation (Note 6)	28,707	0	28,707
<b>Total assets</b>	<b>74,099</b>	<b>15,206</b>	<b>89,305</b>
<b>LIABILITIES</b>			
Salaries and benefits payable	16,573	15,206	31,779
Unearned revenue	3,882	0	3,882
<b>Total liabilities</b>	<b>20,455</b>	<b>15,206</b>	<b>35,661</b>
<b>NET ASSETS</b>			
Invested in capital assets	28,707	0	28,707
Unrestricted	24,937	0	24,937
<b>Total net assets</b>	<b>\$ 53,644</b>	<b>0</b>	<b>53,644</b>

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2007

	Enterprise Funds		
	School Nutrition	Day Care	Total
OPERATING REVENUE:			
Local sources:			
Charges for services	\$ 169,870	77,872	247,742
TOTAL OPERATING REVENUES	169,870	77,872	247,742
OPERATING EXPENSES:			
Support services:			
Operation and maintenance of plant services:			
Services	0	4,824	4,824
Supplies	0	9,860	9,860
Total support services	0	14,684	14,684
Non-instructional programs:			
Food service operations:			
Salaries	133,595	25,457	159,052
Benefits	18,246	2,403	20,649
Services	3,106	27	3,133
Supplies	173,602	15,621	189,223
Depreciation	4,471	0	4,471
	333,020	43,508	376,528
Other enterprise operations:			
Salaries	0	129,632	129,632
Benefits	0	19,164	19,164
Services	0	16,883	16,883
Supplies	0	5,948	5,948
	0	171,627	171,627
Total non-instructional programs	333,020	215,135	548,155
TOTAL OPERATING EXPENSES	333,020	229,819	562,839
OPERATING LOSS	(163,150)	(151,947)	(315,097)
NON-OPERATING REVENUES:			
State sources	4,151	0	4,151
Federal sources	147,349	18,724	166,073
Interest income	949	0	949
TOTAL NON-OPERATING REVENUES	152,449	18,724	171,173
Change in net assets before other financing sources	(10,701)	(133,223)	(143,924)
OTHER FINANCING SOURCES:			
Transfer in	0	281,343	281,343
TOTAL OTHER FINANCING SOURCES	0	281,343	281,343
Change in net assets	(10,701)	148,120	137,419
Net assets beginning of year	64,345	(148,120)	(83,775)
Net assets end of year	\$ 53,644	0	53,644

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2007

	Enterprise Funds		
	School Nutrition	Day Care	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 150,583	0	150,583
Cash received from miscellaneous operating activities	9,442	77,872	87,314
Cash payments to employees for services	(135,268)	(161,450)	(296,718)
Cash payments to suppliers for goods or services	(162,831)	(53,239)	(216,070)
Net cash used in operating activities	(138,074)	(136,817)	(274,891)
Cash flows from non-capital financing activities:			
Transfer in from General Fund	0	281,343	281,343
State grants received	4,151	0	4,151
Federal grants received	131,171	18,724	149,895
Net cash provided by non-capital financing activities	135,322	300,067	435,389
Cash flows from capital and related financing activities:			
Purchase of capital assets	(5,820)	0	(5,820)
Net cash used in capital and related financing activities	(5,820)	0	(5,820)
Cash flows from investing activities:			
Interest on investments	949	0	949
Net cash provided by investing activities	949	0	949
Net increase(decrease) in cash and cash equivalents	(7,623)	163,250	155,627
Cash and cash equivalents at beginning of year	31,838	(148,113)	(116,275)
Cash and cash equivalents at end of year	\$ 24,215	15,137	39,352
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (163,150)	(151,947)	(315,097)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	16,178	0	16,178
Depreciation	4,471	0	4,471
Increase in inventories	(2,301)	0	(2,301)
Increase in accounts receivable	(11,593)	(69)	(11,662)
Decrease in accounts payable	0	(7)	(7)
Increase in salaries and benefits	16,573	15,206	31,779
Increase in unearned revenue	1,748	0	1,748
Net cash used in operating activities	\$ (138,074)	(136,817)	(274,891)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:			
Current assets:			
Cash and pooled investments	\$ 24,215	15,137	39,352

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2007, the District received Federal commodities valued at \$16,178.

SEE NOTES TO FINANCIAL STATEMENTS.



VAN BUREN COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

**(1) Summary of Significant Accounting Policies**

The Van Buren Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the district either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Keosauqua, Stockport, Douds, Birmingham, Mount Sterling, Milton and Cantril, Iowa, and the predominate agricultural territory in Van Buren and Davis Counties. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Van Buren Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Van Buren Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Van Buren and Davis County Assessors' Conference Boards.

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues,

are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net asset* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Day Care Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the day care operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and

reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

Interfund Receivables and Payables - During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2007 balances of interfund accounts receivable or payable have been recorded.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the Government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

Property, machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the

current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for student fees and lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition Fund.

Long-term Liabilities - In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the support services function exceeded the amount budgeted.

### (2) **Cash and Pooled Investments**

The District's deposits at June 30, 2007 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States Government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase

agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	<u>\$ 1,319,534</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

### (3) Transfers

The detail of transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue, Physical Plant and Equipment Levy	\$ 29,214
Enterprise, Day Care	General	281,343
Debt Service	Capital Projects	<u>265,474</u>
Total		<u>\$ 576,031</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

### (4) Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2007 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects	Debt Service	<u>\$ 500</u>

**(5) Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2007 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2006-07A	6/28/07	6/28/07	\$ 0	54,565	0	44,674

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. There was no ISCAP advance activity in the General Fund for the year ended June 30, 2007.

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2006-07A	4.500%	5.676%

**(6) Capital Assets**

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 101,662	5,820	0	107,482
Less accumulated depreciation	74,304	4,471	0	78,775
Business-type activities capital assets, net	\$ 27,358	1,349	0	28,707



	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 39,311	0	0	39,311
Construction in progress	235,596	256,964	492,560	0
Total capital assets not being depreciated	274,907	256,964	492,560	39,311
Capital assets being depreciated:				
Buildings	8,614,852	492,560	130,000	8,977,412
Land improvements	38,588	80,788	0	119,376
Machinery and equipment	1,676,572	168,970	60,442	1,785,100
Total capital assets being depreciated	10,330,012	742,318	190,442	10,881,888
Less accumulated depreciation for:				
Buildings	1,399,339	172,988	130,000	1,442,327
Land improvements	7,993	5,969	0	13,962
Machinery and equipment	1,331,290	120,785	54,271	1,397,804
Total accumulated depreciation	2,738,622	299,742	184,271	2,854,093
Total capital assets being depreciated, net	7,591,390	442,576	6,171	8,027,795
Governmental activities capital assets, net	\$ 7,866,297	699,540	498,731	8,067,106

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular instruction	\$ 2,359
Support services:	
Administration	5,033
Operation of plant and maintenance	4,633
Transportation	108,760
Administration	120,785
Unallocated depreciation	178,957
Total governmental activities depreciation expense	\$ 299,742
Business-type activities:	
Food services	\$ 4,471
Total business-type activities depreciation expense	\$ 4,471

#### (7) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 1,645,000	0	210,000	1,435,000	215,000
Qualified Zone Academy Bonds	500,000	0	0	500,000	0
Early Retirement	20,480	0	20,480	0	0
Total	\$ 2,165,480	0	230,480	1,935,000	215,000

#### General Obligation Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond issue dated February 25, 1998			Bond issue dated April 1, 2003			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2008	4.400 %	\$ 185,000	56,193	2.250 %	\$ 30,000	5,663	\$ 215,000	61,856	276,856
2009	4.400	195,000	48,052	2.500	30,000	4,987	225,000	53,039	278,039
2010	4.500	200,000	39,473	2.750	30,000	4,237	230,000	43,710	273,710
2011	4.600	210,000	30,472	3.000	35,000	3,413	245,000	33,885	278,885
2012	4.625	220,000	20,813	3.250	35,000	2,363	255,000	23,176	278,176
2013	4.625	230,000	10,638	3.500	35,000	1,225	265,000	11,863	276,863
Total		\$ 1,240,000	205,641		\$ 195,000	21,888	\$ 1,435,000	227,529	1,662,529

#### Qualified Zone Academy Bonds

During the year ended June 30, 2002, the District issued zero interest Qualified Zone Academy Bonds (QZAB). Annual transfers from the Physical Plant and Equipment Levy (PPEL) fund to a debt sinking fund will be made to pay the indebtedness due January 31, 2016, of \$500,000.

#### **(9) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 was \$284,415, \$266,571 and \$226,941, respectfully, equal to the required contributions for the year.

**(10) Risk Management**

Van Buren Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$245,305 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(12) Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2007, expenditures in the support services function exceeded the amount budgeted.

REQUIRED SUPPLEMENTARY INFORMATION

VAN BUREN COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2007

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 3,753,312	248,691	4,002,003	3,900,923	3,900,923	101,080
State sources	3,928,194	4,151	3,932,345	4,303,511	4,303,511	(371,166)
Federal sources	1,881,611	166,073	2,047,684	2,295,000	2,295,000	(247,316)
Total revenues	9,563,117	418,915	9,982,032	10,499,434	10,499,434	(517,402)
Expenditures:						
Instruction	4,879,903	0	4,879,903	6,832,889	6,832,889	1,952,986
Support services	3,474,786	14,684	3,489,470	3,321,000	3,321,000	(168,470)
Non-instructional programs	647	548,155	548,802	858,304	858,304	309,502
Other expenditures	934,122	0	934,122	1,617,024	1,617,024	682,902
Total expenditures	9,289,458	562,839	9,852,297	12,629,217	12,629,217	2,776,920
Excess(deficiency) of revenues over(under) expenditures	273,659	(143,924)	129,735	(2,129,783)	(2,129,783)	(2,259,518)
Other financing sources(uses), net	(254,414)	281,343	26,929	0	0	(26,929)
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	19,245	137,419	156,664	(2,129,783)	(2,129,783)	(2,286,447)
Balance beginning of year	2,716,298	(83,775)	2,632,523	2,739,918	2,739,918	(107,395)
Balance end of year	\$ 2,735,543	53,644	2,789,187	610,135	610,135	2,179,052

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2007, expenditures in the support services function exceeded the amount budgeted.

OTHER SUPPLEMENTARY INFORMATION

VAN BUREN COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2007

	Nonmajor Special Revenue Funds				
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education Recreation Levy	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 46,928	35,433	134,575	16,018	232,954
Receivables:					
Property tax:					
Current year delinquent	5,461	0	3,614	0	9,075
Succeeding year	200,000	0	153,822	0	353,822
Accounts	0	0	31	0	31
<b>TOTAL ASSETS</b>	<b>\$ 252,389</b>	<b>35,433</b>	<b>292,042</b>	<b>16,018</b>	<b>595,882</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Deferred revenue:					
Succeeding year property tax	\$ 200,000	0	153,822	0	353,822
Total liabilities	200,000	0	153,822	0	353,822
Fund balances:					
Unreserved	52,389	35,433	138,220	16,018	242,060
Total fund balances	52,389	35,433	138,220	16,018	242,060
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 252,389</b>	<b>35,433</b>	<b>292,042</b>	<b>16,018</b>	<b>595,882</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



VAN BUREN COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007

	Nonmajor Special Revenue Funds				
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education Recreation Levy	Total
REVENUES:					
Local sources:					
Local tax	\$ 224,902	0	150,209	0	375,111
Other	12,159	193,676	19,168	471	225,474
Federal sources	0	0	164,061	0	164,061
Total revenues	237,061	193,676	333,438	471	764,646
EXPENDITURES:					
Current:					
Instruction:					
Other instruction	0	201,956	0	0	201,956
Support services:					
Administration services	71,630	0	0	0	71,630
Operation and maintenance of plant services	62,533	0	0	0	62,533
Student transportation	17,528	0	0	0	17,528
Other expenditures:					
Facilities acquisitions	0	0	406,735	647	407,382
Total expenditures	151,691	201,956	406,735	647	761,029
Excess(deficiency) of revenues over(under) expenditures	85,370	(8,280)	(73,297)	(176)	3,617
Other financing uses:					
Transfers out	0	0	(29,214)	0	(29,214)
Total other financing uses	0	0	(29,214)	0	(29,214)
Net change in fund balance	85,370	(8,280)	(102,511)	(176)	(25,597)
Fund balance beginning of year	(32,981)	43,713	240,731	16,194	267,657
Fund balance end of year	\$ 52,389	35,433	138,220	16,018	242,060

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance Change	Balance End of Year
<b>Athletics:</b>					
Secondary Track	\$ (971)	0	295	1,266	0
Boys Track	(1,618)	0	170	1,788	0
Secondary Golf	(362)	0	0	362	0
General Athletics	(269)	24,288	19,668	(10,023)	(5,672)
JR High Baseball	(45)	0	0	45	0
Secondary Softball	(7,028)	0	148	7,176	0
Secondary Football	3,409	7,433	10,705	(137)	0
Secondary Baseball	(6,389)	0	379	6,768	0
Secondary Cross Country	187	518	412	(293)	0
Secondary Volleyball	(100)	715	1,406	791	0
JR High Track	676	0	40	(636)	0
Secondary Girls Basketball	4,821	0	652	(4,169)	0
Secondary Boys Basketball	3,631	0	630	(3,001)	0
Uniforms	(941)	0	0	941	0
Secondary Wrestling	(610)	138	721	1,193	0
District Football	254	0	0	0	254
<b>Total Athletics</b>	<b>(5,355)</b>	<b>33,092</b>	<b>35,226</b>	<b>2,071</b>	<b>(5,418)</b>
<b>Clubs and Organizations:</b>					
Annual	(999)	5,889	4,826	0	64
The Udder Choice	2,803	12,804	12,735	0	2,872
Concession Enterprises	2,062	11,089	9,549	(3,316)	286
Cross Country	102	315	315	0	102
Drama	1,690	0	1,371	2,998	3,317
F.H.A.	(411)	338	755	0	(828)
Football	4,557	7,066	6,037	(2,504)	3,082
FFA	(1,748)	6,251	4,397	(671)	(565)
Industrial Arts	3,382	0	0	0	3,382
Art Club	1,416	484	1,256	0	644
Magazine Sales	138	6,684	3,928	(2,894)	0
Boys Track Fundraising	297	410	1,120	547	134
Media Club	86	0	0	0	86
National Honor Society	(97)	232	176	500	459
Golf Fundraiser	(175)	0	70	295	50
Pow Wow	449	0	0	0	449
Rhythm Squad	1,845	3,126	3,276	(64)	1,631
Softball	1,489	4,658	6,080	60	127
Baseball Fundraising	1,364	3,496	2,813	0	2,047
Spanish Club	(18)	1,959	1,435	0	506
Student Council	(3,300)	0	0	0	(3,300)
Girls Track Fundraising	41	0	1,220	414	(765)
JEL	(20)	251	0	0	231
Wrestling Fundraising	965	142	1,787	1,890	1,210
Volleyball Fundraising	(754)	1,366	1,611	0	(999)
Wrestling Cheerleaders	36	441	266	157	368
Young Investors Club	0	1,223	1,062	0	161
Boys Basketball Fundraising	3,038	1,083	2,533	0	1,588
Girls Basketball Fundraising	1,053	500	820	0	733
Football Cheerleaders	743	2,905	1,862	0	1,786
Basketball Cheerleaders	(722)	1,334	75	0	537
<b>Total Clubs and Organizations</b>	<b>19,312</b>	<b>74,046</b>	<b>71,375</b>	<b>(2,588)</b>	<b>19,395</b>

VAN BUREN COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance Change	Balance End of Year
<b>Classes:</b>					
Class of 2004	(73)	0	0	73	0
Class of 2006	(287)	0	0	0	(287)
Class of 2007	940	0	344	(73)	523
Class of 2008	2,524	51	1,686	(60)	829
Class of 2009	1,988	0	0	0	1,988
Class of 2010	807	0	0	0	807
Class of 2011	169	0	0	0	169
<b>Total Classes</b>	<b>6,068</b>	<b>51</b>	<b>2,030</b>	<b>(60)</b>	<b>4,029</b>
<b>Miscellaneous:</b>					
Student Planners	103	0	0	0	103
Interest	227	891	189	0	929
Shop Projects	393	0	0	0	393
Teachers	(10,518)	10,167	12,477	0	(12,828)
Fines	61	0	0	0	61
Book Rent	6,634	7,351	13,985	0	0
Band	(1,586)	526	1,616	646	(2,030)
Chorus	768	1,470	1,856	25	407
Chorus/Band Fundraiser	2,274	23,916	18,107	0	8,083
<b>Total Miscellaneous</b>	<b>(1,644)</b>	<b>44,321</b>	<b>48,230</b>	<b>671</b>	<b>(4,882)</b>
<b>Stockport Elementary:</b>					
Stockport Elementary	0	14,100	6,860	0	7,240
Stockport Band Resale	(64)	64	0	0	0
Stockport Enterprise	553	0	553	0	0
Stockport Gym Rent	20	0	20	0	0
Stockport Postage	(115)	115	0	0	0
Stockport Book Rent	867	0	867	0	0
Stockport Special Projects	10,223	1,462	0	(11,685)	0
Stockport Student Council	1,247	0	1,247	0	0
<b>Total Stockport Elementary</b>	<b>12,731</b>	<b>15,741</b>	<b>9,547</b>	<b>(11,685)</b>	<b>7,240</b>
<b>Douds Elementary:</b>					
Douds Elementary	0	26,425	22,947	11,591	15,069
Douds Band Resale	122	0	122	0	0
Douds Book Fair	360	0	360	0	0
Douds Library	329	0	329	0	0
Douds Postage	297	0	297	0	0
Douds Special Projects	9,162	0	9,162	0	0
Douds Student Council	135	0	135	0	0
Douds PTO	2,196	0	2,196	0	0
<b>Total Douds Elementary</b>	<b>12,601</b>	<b>26,425</b>	<b>35,548</b>	<b>11,591</b>	<b>15,069</b>
<b>Grand Total</b>	<b>\$ 43,713</b>	<b>193,676</b>	<b>201,956</b>	<b>0</b>	<b>35,433</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUND TYPES

		Modified Accrual Basis		
		2007	2006	2005
Revenues:				
Local sources:				
Local tax	\$	3,179,100	3,250,277	2,895,547
Tuition		166,372	211,770	176,192
Other		407,840	474,432	330,392
State sources		3,928,194	3,943,463	3,691,297
Federal sources		1,881,611	1,785,221	1,013,094
Total		\$ 9,563,117	9,665,163	8,106,522
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$	2,858,666	2,809,494	3,056,021
Special instruction		973,391	988,857	1,175,624
Other instruction		1,047,846	1,059,783	716,290
Support services:				
Student services		418,812	253,214	134,840
Instructional staff services		560,370	333,161	142,072
Administration services		1,175,818	1,126,076	733,788
Operation and maintenance of plant services		618,791	635,398	501,670
Transportation services		700,995	686,920	545,555
Other support services		0	0	146,418
Non-instructional programs		647	1,907	28,950
Other expenditures:				
Facilities acquisitions		407,382	584,711	312,463
Long-term debt:				
Principal		210,000	195,000	190,000
Interest and other charges		71,435	79,935	88,998
AEA flow-through		245,305	242,151	231,945
Total		\$ 9,289,458	8,996,607	8,004,634

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
DIRECT:			
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
21ST CENTURY COMMUNITY LEARNING CENTERS	84.287	FY 07	\$ 336,865
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA STATE UNIVERSITY:			
COOPERATIVE STATE RESEARCH, EDUCATION AND EXTENSION SERVICE(HS ENTREPRENEURIAL APPRENTICE)	10.500	FY 07	7,500
IOWA DEPARTMENT OF EDUCATION:			
FOOD DONATION	10.550	FY 07	16,178
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 07	32,948
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 07	95,298
			128,246
FRESH FRUIT AND VEGETABLE PROGRAM	10.582	FY 07	2,925
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 07	9,253
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCA- TIONAL AGENCIES	84.010	6592-G	144,995
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 07	972,010
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 07	4,038
FUND FOR THE IMPROVEMENT OF EDUCATION	84.215	FY 07	149,527
FUND FOR THE IMPROVEMENT OF EDUCATION	84.215K	FY 07	14,534
INNOVATIVE EDUCATION PROGRAM STRATEGIES(TITLE V)	84.298	FY 07	1,293
ALTERNATIVE ASSESSMENT	84.326	FY 07	100
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 07	55,754

VAN BUREN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT (CONTINUED):			
DEPARTMENT OF EDUCATION (CONTINUED):			
IOWA DEPARTMENT OF EDUCATION (CONTINUED):			
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 07	<u>5,397</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 07	<u>51,118</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 07	<u>27,268</u>
ENHANCING EDUCATION THROUGH TECHNOLOGY	84.318	FY 07	<u>4,932</u>
DEPARTMENT OF HUMAN SERVICES:			
IOWA DEPARTMENT OF HUMAN SERVICES:			
DRUG-FREE COMMUNITIES SUPPORT PROGRAM	93.276	FY 06	36,081
DRUG-FREE COMMUNITIES SUPPORT PROGRAM	93.276	FY 07	<u>67,087</u>
			<u>103,168</u>
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND (DHS REIMBURSEMENTS)	93.596	FY 07	<u>9,471</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:			
IOWA DEPARTMENT OF EDUCATION:			
LEARN AND SERVE AMERICA - SCHOOL AND COMMUNITY BASED PROGRAMS (COMSERV)	94.004	FY 06	4,533
LEARN AND SERVE AMERICA - SCHOOL AND COMMUNITY BASED PROGRAMS (COMSERV)	94.004	FY 07	<u>2,964</u>
			<u>7,497</u>
TOTAL			<u>\$ 2,052,069</u>

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Van Buren Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of the  
Van Buren Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Van Buren Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 15, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Van Buren Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Van Buren Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Buren Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Van Buren Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Van Buren Community School District's financial statements that is more than inconsequential will not be prevented or detected by Van Buren Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Van Buren Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-07 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Van Buren Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Van Buren Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Van Buren Community School District and other parties to whom Van Buren Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Van Buren Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 15, 2008



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Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Board of Education of  
Van Buren Community School District

Compliance

We have audited the compliance of Van Buren Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Van Buren Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Van Buren Community School District's management. Our responsibility is to express an opinion on Van Buren Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Van Buren Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Van Buren Community School District's compliance with those requirements.

In our opinion, Van Buren Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Van Buren Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Van Buren Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Van Buren Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-07 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-07 to be a material weakness.

Van Buren Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Van Buren Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Van Buren Community School District and other parties to whom Van Buren Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 15, 2008

VAN BUREN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 84.184 - Safe and Drug-Free Schools and Communities - National Programs
  - CFDA Number 84.287 - 21<sup>st</sup> Century Community Learning Centers
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Van Buren Community School District did not qualify as a low-risk auditee.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-07 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

II-B-07 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation which have been outstanding for over a year.

Recommendation - Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1<sup>st</sup>. The District should submit the outstanding checks to the State Treasurer as unclaimed property.

Response - We will notify the payees to determine status and then reissue if necessary.

Conclusion - Response accepted.

II-C-07 Supporting Documents for Payments with Credit Cards - Payments made with credit cards do not always have detailed supporting documentation. We also noted during our audit that there was no detailed receipt for an individual seeking reimbursement for supply purchases.

Recommendation - The District has a policy in place for credit card usage. The users of the credit cards need to provide detailed receipts for purchases made. The District should review procedures in place to ensure the proper detailed documentation will be available with paid credit card statements. The District must maintain supporting documentation for reimbursement or no reimbursement should be made to individuals. The District should review procedures in place to ensure the proper detailed documentation will be available with reimbursements to individuals.

Response - We will review procedures for credit card purchases and notify staff. If proper documentation is not provided, no reimbursement will be made.

Conclusion - Response accepted.

II-D-07 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended from. More specific examples of these instances are as follows:

There is a Teacher account. This account is not a student run organizations and should be run through the General Fund. The proceeds from pop sales are included here. The expenditures for pop exceed the revenues received.

There are Stockport and Douds Elementary accounts. These accounts were used to purchase instructional supplies during the year. Instructional supplies are not allowable expenditures in the Student Activity Fund and should be handled in the General Fund.

There are Interest accounts. These accounts should be allocated among the Student Activity Funds that earned the interest. This allocation should be done at least annually, since the Interest accounts are not student run organizations.

There is a 2006 class account. This account should be closed and allocated to the other student activity accounts.

There are several inactive accounts. These accounts should be reviewed, closed and allocated to the other student activity accounts.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear that some of the accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, they need to be corrected or transferred to the proper fund where these monies can be receipted and expended. Interest needs to be allocated to the various Student Activity Funds that earned the interest.

Response - We will review and make necessary changes to our student activity fund to rectify the improper use of the accounts.

Conclusion - Response accepted.

II-E-07 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In an effort to comply with the Department of Labor requirements on wage per hour contracts, the District should keep track of the hours worked for non-certified staff coaches. The District should also review its payroll procedures to ensure that supporting documentation is kept for all employees who receive checks.

Response - We will notify and train non-certified coaches to complete timesheets to comply with the Department of Labor's wage and hour requirements.

Conclusion - Response accepted.

- II-F-07 Photo Image Checks - We noted during our audit that District receives their checks from the bank as photo images showing only the front of the checks. Chapter 544D.114 of the Code of Iowa requires both the front and back of check images to be retained.

Recommendation - The District should contact the bank to rectify the situation. The District should receive the photo images showing both the front and back of the checks or the original issued check.

Response - We will notify the bank of our requirements to provide both back and front images of the checks.

Conclusion - Response accepted.

- II-G-07 Gate Admissions - The gate admissions were not reconciled to pre-numbered tickets.

Recommendation - The District should establish reconciliation procedures for gate admissions. The reconciliation should include the issuance of pre-numbered tickets and the reconciling of the admissions to the number of tickets issued.

Response - We will establish a reconciliation procedure for gate admissions.

Conclusion - Response accepted.

- II-H-07 Supporting Documents for Payments to Officials - Payments made to officials from the Student Activity fund do not have supporting documentation. In addition, the District paid officials the night of the event.

Pursuant to a valid contractual agreement between the school board and the officials, which includes terms and conditions for payment and compliance with Chapters 279.29 and 279.30 of the Code of Iowa, officials could be paid the night of the game, after the service has been rendered. For non-contract officials or substitute officials, payment should be made after services have been rendered and audited and allowed similar to other vendor payments. The District should have a policy and officials should be informed that payment will be made in this manner unless a valid contract exists.

Recommendation - The copy of the contract made for each official should be used as the support document for payment. In absence of a valid contract, officials should be paid after the event. The documentation necessary to pay for non-contract individuals should be identified and retained.

Response - We will review the procedures and make necessary changes to rectify the situation.

Conclusion - Response accepted.

- II-I-07 Reconciliation of Advertisements - We noted during our audit that the District sells yearbook advertisements. However, there is not a reconciliation of sponsor payments to the actual published advertisements in the yearbook.

Recommendation - The District should implement procedures to reconcile sponsor payments to advertisements for the yearbook prior to publishing the yearbook. In

addition, the yearbook advisor should turn the reconciliation into the central office for review and verification by central office staff. The reconciliation should be available at the time of audit.

Response - We will implement a procedure to reconcile the payments of yearbook advertisements.

Conclusion - Response accepted.

- II-J-07 Sponsor Procedures - During our audit, concerns developed about sponsor procedures. Currently, some sponsors are not turning in supporting documentation for money collected from individuals, fundraising events and other revenue fees. It was also apparent that the sponsors were not turning in collected receipts to the central office for deposit in a timely manner. It appeared that some sponsors maintained the cash collection in their office/classroom until they had time to turn the funds into the office or until all the funds were collected. We noted that once collected at the office, these were handled in a comparable manner as receipts directly delivered to the office, where receipts are given and deposited. The copies of the receipts issued at the buildings are provided to the central office for posting and reconciling the bank statement. There does not appear to be controls in place to document monies collected and turned in from sponsors to be reconciled to the actual deposits.

The breakdown of control procedures for the receipting process becomes apparent as the sponsor maintains the collected revenue. The maintenance of the undeposited funds in the office/classroom provides a risk of loss due to possible theft, improper use or loss, as well as lack of reporting of the funds. The District is required to maintain records for the Student Activity Fund.

Recommendation - The District actually maintains multiple layers of receipting from sponsors, to the building office, to the central office. When sponsors or fundraising chairpersons submit money to the office for previously collected receipts, they should provide documentation of their receipts. The District should take necessary steps to require all sponsors to turn in collected money on a timely basis with a detailed receipt or another form of detailed documentation. This detailed documentation should at a minimum include the individual that the sponsor received the money from, the purpose, the fund/organization/club that needs to be credited, the date and amount.

Response - We will develop a procedure to have sponsors provide detailed documentation for their receipts.

Conclusion - Response accepted.

VAN BUREN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

CFDA Number 84.184: Safe and Drug-Free Schools and Communities - National Programs

Federal Award Year: 2007

U.S. Department of Education

Passed through the Iowa Department of Education

CFDA Number 84.287: 21<sup>st</sup> Century Community Learning Centers

Federal Award Year: 2007

U.S. Department of Education

III-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.



VAN BUREN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 Certified Budget - District disbursements for the year ended June 30, 2007 exceeded the amount budgeted in the support services function.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - We will amend the budget if necessary in the future.

Conclusion - Response accepted.

IV-B-07 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-07 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-07 Business Transactions - No business transactions between the District and District officials were noted.

IV-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-07 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - We will provide the minutes within the time period required, however, we are unable to control the publishing dates.

Conclusion - Response accepted.

IV-G-07 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-07 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

IV-J-07 Financial Condition - The District had several accounts in the Special Revenue, Student Activity Fund with deficit balances at June 30, 2007.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate the deficits accounts. The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from these accounts.

Response - We will monitor this fund and investigate any available options to eliminate these deficits accounts.

Conclusion - Response accepted.